CREATING BRAND AWARENESS OF PENTIK FOR RUSSIAN CUSTOMERS IN FINLAND

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ABSTRACT
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This thesis was commissioned by the owner of the Pentik shop in Lappeenranta. Despite the annual growth of Russian visitors in Finland, the number of Russian customers in shops hasn't increased considerably. The aim of this work was to give suggestion on how to gain more Russian customers. That's why it was necessary to analyze Russian consumer behavior in Finland and their knowledge of Pentik brand.

Theoretical part of this study was conducted by analyzing secondary data about Russian consumer behavior in common, Russian's perception of advertising and statistics of Russian visitors in Finland. The empirical part was done by interviewing Russian visitors in Finland and owners of retail shops in Lappeenranta.

Both researches show that Russian visitors affect the Finnish economy during the last decade that Russian customers are potential niche for Pentik Company, but they don't have awareness of Pentik brand. However, brand is a central element in consumer market and consumer behavior in Russia. On the base of these findings integrated marketing communications were developed, as the most effective marketing tool, which are aimed to build brand awareness of Pentik for Russian customers.

Key words: marketing communications, advertising, Russian consumer behavior, brand awareness, Pentik CC
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1 INTRODUCTION

1.1 Introduction to the topic

Closeness to Russian Federation makes a huge impact on Finland economy, especially on the southeast part of the country. Thanks to economical growth in Russia, population has higher income, and as a result, new markets for developing are opened for the foreign companies. Thus in 2008 2.3 million Russians visited Finland, and spent there 595 million euros. (Finnish Tourist Board / Statistics Finland 2009)

Such tendency of growing number of Russian visitors is very important for the retailing business in Finland, because the main purpose of visiting Finland is shopping. Sanna Sulkakoski, the owner of Pentik shop in Lappeenranta, noticed that the number of Russian tourists has increased in the last five years, but the number of Russian customers in Pentik shop didn't increase significantly. By realizing the possibilities, which could provide Russian customers, it was decided to make a strategy to attract them. (Ibid.)

1.2 The Objectives of the Thesis

The main aim of this thesis was to develop marketing communication to attract a Russian customer, namely to create brand awareness of Pentik brand. To make sure that Russian customers don't have awareness of Pentik brand, to define possible communicational channels and to define main features of Russian customer, it was decided to make a marketing research. It consisted of two parts: Russian visitors' survey and interview with shopowners in Lappeenranta.

The other aim of this work was to convince the head office of Pentik company that Russian customers provide huge opportunities that they are promising potential customers and make a huge impact on developing of some region in Finland.
1.3 The Content of the Work

In this thesis works of specialists in marketing were used, such as Philip Kotler and Gary Armstrong, statistic data about Russian visitors in Finland, marketing researches, which have been done by companies TAK Ltd, Nielsen Company, PricewaterhouseCoopers, GFK-Rus.

This thesis consists of different sections, which should make a full picture of Russian visitors in Finland, particularly in Lappeenranta area, their impact on economy, and their potential for Pentik Company. The theoretical part also includes brief characteristics of Pentik Company. In this thesis big attention was paid to marketing researches, which have been done in frame of the work. It was necessary to show that these results are reliable, because on their bases marketing communications were developed.

2 LAPPEENRANTA AREA

Lappeenranta is the center of South Karelia region. The city was founded in 1649 by the Swedish queen Kristina, but the history of city has begun in Middle Ages. With population of 72 000 people it is 13th of biggest cities in Finland.

Lappeenranta has a very favorable geographic location, just 30 km to Russian border, 210 km to Saint Petersburg and 220 km to Helsinki. Because of such locations, nature and combination of benefits of big and small cities, Lappeenranta is one of the most visited cities in Finland. (Lappeenranta 2010)

At the same time Lappeenranta is a commercial and business center of Southeast Karelia with huge amount of companies and shop malls. There are 3 200 companies in Lappeenranta, which provide 31 000 workplaces. The most important industries in Lappeenranta are wood processing, information and communication technology, service industries, stone industry, metallurgy,
engineering and tourism industry. In addition, the tourism has become the fastest growing field in Lappeenranta. (Ibid.)

2.1 The Impact of Closeness to Russia

All figures below, explain the importance of closeness to Russian Federation, the growing importance of tourism industry and statistics data about Russian visitors in Finland. All these figures are in Finnish language, because they have been done by TAK Ltd for usage by Finnish companies. However, all of them are explained in English.

The huge impact on city development has its closeness to Russia. Sometimes Lappeenranta is named “the most Russian city in Finland”. According to the statistics in 2009, about 600 thousand Russians have visited Lappeenranta, despite the economical depression in the same year. According to the Chart 2.1, in 2008 Lappeenranta became the most visited city by Russians. From January to February 38% of Russian tourists have visited Helsinki and 27% have visited Lappeenranta, but from May to August 26% have visited Helsinki and 34% Lappeenranta. (TAK Ltd 2008)

![Chart 2.1. The most visited Finnish cities by Russian tourists, 2008 (TAK Ltd 2009)](image)

On the Chart 2.2 are shown data about tax-free sales, which have been done by Russian visitors in different Finnish cities. As it is shown in the Chart 2.2
Lappeenranta has the second place by amount of tax-free sales. Moreover, the amount of sales has tripled from 2006 to 2008, and in the 2008 it was 23 334 euros.

![Chart 2.2 Tax-free sales in Finland (TAK Ltd 2009)](image)

During the years from 1998 to 2009 huge amount of companies have been appeared, which offered different service for Russian visitors in Finland. There is service in Russian in majority of shops in Lappeenranta, almost everywhere it is possible to make a tax-free purchase, and in some hotels, such as Kylpylä Spa in Imatra 90% of visitors are Russians. Retail chains and small shops offer special discounts and discount cards for Russian customers. (Losenko 2008)

### 2.2 Projects to Attract Russian Visitors

The high tourist activity is favorable for the economical growth of Lappeenranta. Russian customers make about 20% of retail chain’s turnover (Interview Kekäle 2010). Obviously, the government of the city is interested in attracting Russian visitors.

According to Finnish-Russian Innovation center by 2012 the government of Lappeenranta expects to increase number of Russian visitors for 20%. Thus, according to Seppo Miettinen, Mayor of Lappeenranta, there are several huge
invest projects, which are aimed to increase the number of Russian visitors. In the period from 2010 to 2012 is expected boom in tourist activity.

In spring, 2010 the biggest discount airlines Ryanair began flights from Lappeenranta. To take into account that the amount of Russians which used Ryanair in Tampere, which is located 530 km from Saint Petersburg, in 2009 were 120 000, it is easy to predict that in Lappeenranta this amount will only increase. According to Erik Elmsäter, the marketing manager of Ryanair airlines, company count on that rate of Russians will be 70%, he hopes that rate will be even 90%. Other low cost airlines AirBaltik have started flying in autumn 2009. (Agenstvo Busines Novostei 2010a)

The other flow of Russian tourist in Lappeenranta is expected in the fourth quarter of 2010, it’s connected with launching of new high-speed train Allegro between Saint Petersburg and Helsinki. The trip will take only 3.5 hours. Although there isn't any straight railway connection between Saint Petersburg and Lappeenranta, city executives want to solve this problem by launching busses between Vainikkala and Lappeenranta. (Piterskii 2010)

At the same time in the hugest tourist project Saimaa Gardens takes place closely to Lappeenranta area. This over 300 hectare area includes spa-hotel, 300 cottages for rent and selling, aqua park, skating-rills, golf course, several restaurants and plenty of shopping activities, as well as space for 8 000 overnight visitors. The investments in this project are 200 million euros, and main goal to attract thousands and millions of people annually, and the rate of Russians should be not less than 30%. (Agenstvo Busines Novostei 2010b)

To sum up these facts, it could be possible to predict that the number of Russian visitors in Lappeenranta should be increased. In this way, new opportunities for the business and economical growth will be opened, especially for companies, which operate in tourism sphere.
3 THE CHARACTERISTICS OF RUSSIAN CUSTOMERS IN FINLAND

3.1 Common characteristics

According to the Chart 3.1, the number of Russian visitors has been growing during 17 years since the disintegration of the Soviet Union. These days Finland is one of most visited countries by Russians. Such tendency is connected with the growth of economy and standard of living of Russian people. Finland became a linked bridge between Russia Federation and Europe. Obviously, Finland gets huge benefits from such locations and tries to attract as much Russian visitors as possible.

Chart 3.1 Russian visitors in Finland, 1992-2012 (TAK Ltd 2010)

In 2009 the number of Russian visitors in Finland was 2.2 million, or good third of all visitors who came to Finland. If to get in account that population of Finland
is 5.3 million people, it becomes clear that Russians have an influence on Finnish economy, especially on Southeast regions.

The number of visitors has been decreased in 2009 comparing with 2008. However, it shouldn't be a tendency for the future, due to economical depression in all countries in that period. According to the forecasting of TAK Ltd, in the next two years the number of Russian visitors should be increased. TAK Ltd has made forecast according to the three analyses. The base for the first one was analyzing tendency of changes in number of Russian visitors, for the second one forecasting of oil prices, and for the third one was the rate between dollar and rouble.

The company underscored that analyzing the correlation between dollar and rouble provided the most accurate forecasting. According to forecast in the next two years number of Russian visitors in Finland should be increased (see Chart 3.1).

Chart 3.2. The Frequency of Visiting Finland (TAK Ltd)
In 2008 181,690 Russians visited Finland every week, about half a million every month or more frequently, about 1.2 millions rarely than one time per month and only for 83,857 it was the first time in Finland.

According to the Border Interview survey, the sex correlation in 2008 was equal and the average age of Russian visitor was 39. The main purposes of visiting Finland are shown in the Chart 3.3 (Finnish Tourist Board / Statistics Finland 2009)

Chart 3.3 The Purposes of Travel (TAK Ltd 2010)

The main reason for visiting Finland for Russians from 2004 to 2010 was shopping (56%), the second one was vacation (35%) and only for 7% Finland was a transit country. In 2008 Russians spent in Finland 595 million euros, and good part of it went to shopping. At the same time in 2008 70% of visitors didn't stay in Finland more than one day. The majority of them were coming from Saint Petersburg and Vyborg, cities that are located quite near Finland. (Helsinki Sanomat 2008)
These people came by their own car or by special bus tours, which are specially organized and named shopping tours. Today, such tours became very popular within Russian citizens from Saint Petersburg and its neighborhood. About 11% of visitors use this mode for visiting Finland. It should be mentioned that such tours are organized by companies without any contacts, despite mobile phone number. Buses in almost every cases are not comfortable. (Finnish Tourist Board / Statistics Finland. 2009)

Moreover, it's normal that passengers should wait on the border from three to five hours. In addition, such buses have a strict route, and people are not able to get in some shops. However, the time is limited and people should make decision about purchase very quickly. People who get by car to Finland only for one day are in the same conditions. (Strana-suomi 2010)

The other category of Russian visitors prefers to staying in hotels (51%), in friends/relatives place (26%), rent a cottage (6%) and staying in own place (5%). For Russian people it is easier to get Finnish visa than other European country. But according to the rules, if Russian visitor get Finnish visa, he should stay in Finland longer than in any other country. (Finnish Tourist Board / Statistics Finland 2009)
Chart 3.4. Passenger's income distribution (TAK Ltd)

As shown on Chart 3.4, Russian visitors have different level of income per family. The majority of visitors have middle level of income for Russia from 500 to 2326 euros per family. That means that very rich people don't go to Finland and choose other countries, at the same time poor people commonly can't afford such a trip. In average, one visitor spends 107 euros per day and 255 euros per visit.

It's important to underscore that consumer is offered huge possibilities for shopping and a huge variety of products. At the same time, he has limited time for making purchases. That's why a consumer tries to find out information about shops and products beforehand. In the last years the importance of the Internet has grown. On the different informational portals are ready to use lists of shops in Finland with references, such as what kind of shop, assortment, price level and comments of users. Still the majority of people are oriented on the social channels. (TAK Ltd 2010)
3.2 The reasons for visiting Finland

As it was mentioned before, Finland is the nearest European country to the Russia. Russian citizens could get visa to Finland in preferential terms. Such issues help to increase flow of Russian tourists to Finland. Moreover, natural, social and economical conditions became an additional bonus for visiting Finland. (Ministry for Foreign Affairs of Finland 2010)

Motives to make purchase in Finland are rather different but it is possible to find out the common features. People who have lived in period of the Soviet Union have stereotypes that foreign countries provide them with enormous shopping opportunity, despite the fact that in today's Russia retailing business is one the same level. (Nielsen Company 2009)

It should also be taken in account that before getting to Finland Russian citizens should get a visa. Although it is easier than get visa from other European country, it still demand some efforts and resources. The average price of one trip to Finland could be calculated as:

\[ \text{Visa (35 euros)} + \text{medical insurance for 60 days (40 euros)} + \text{photos for visa (5 euro)} + \text{trip to Lappeenranta (by bus return ticket – 20 – 60 euros)} = 110-150 \text{ euros} \]

This way, the cheapest variant of getting to Finland will cost 110 euros. At the same time it should be counted that queues in the Finnish embassy are huge, it's normal to wait about 3-4 hours to apply for getting a visa. Moreover, if people take the cheapest transport mode to Finland – special organized shop-buses, or decide to go by own car, it usual means that they should also wait on the border sometimes more than five hours. On the figures there are shown photos of queue near Finnish Consulate General in Saint Petersburg (Vesti, Saint Petersburg 2009)
In magazine Stop in Finland were published answers for the question: "In spite of euro ratio, the number of people, who want to come to Finland, has not decreased. Why?" (Stop in Finland 2010a)

**Quality**

The biggest number of respondents answered that quality of products is higher in Finland. It’s true, if compare the same part of clothes, which have been bought in the same shop in Russian and Finland, the quality of it will be better in Finland. Other respondents noticed that Finnish products are more ecological. The other motives that in Finland some products appear faster than on the Russian market and some are not intended for Russian one. (Stop in Finland 2010a)

Moreover, when buying products in Finland a customer could be sure about its working life. It is quite usual in Russia when a seller changes expiry date and sometimes people can buy spoiled products. In addition, some products are
fake; even food for small children and some ingredients can be dangerous. That's why Russians prefer to buy health products in Finland.

**Purchasing atmosphere**

The other important reason for Russian people that the whole process of purchasing in Finland is more pleasant, because in Finland Russians try to combine relaxing with shopping, the level of service is higher and in shops, which are targeted the middle and upper class is much more quiet. According to the research of Nielsen analytic company, 72% of Russians make purchases for the entertainment. (Nielsen Company 2006)

At the same time Finland is one of the most ecological countries and provides people with huge opportunities of renting houses and outdoor opportunities. Finland is perfect place for recreation. It has beautiful nature and developed infrastructure. That's why part of Russians tries to combine recreation with shopping. For some people trips to Finland became a tool of entertainment. (Dneprovoi & Miklin 2007)

**Price**

Moreover, the majority of Russians, who came to Finland, noted that it is cheaper to buy some products in Finland, such as clothes and household appliances. To prove this fact comparison between H&M shop in Russia and Finland was done. For evaluating one dress was chosen, the price of it in Russia was 1799 roubles, or 47 euros, in Finland – 29.95 euros, the difference in price is 33.4%. At the same time almost in all retailing shops is possible to make tax-free purchases. (H&M on-line shop)

**Stereotypes**

If consider history of Russian and period of the Soviet Union it becomes clear why people who lived in that time are sure that foreign products are better.
In the time of the Soviet Union and in 1990s assortment of the products in Russian was limited and very poor. To buy milk people used to wait couple of hours in queue. All clothes and goods for house were standardized and quality was on a very low level. In that time something from border was desired product and people were ready to overpay and wait a lot to get something. Still this generation is alive and has a huge customer power. (Mendkovich 2010)

Even young people of age 20-25 years old are sure that if they get to Finland they will get huge opportunities of shopping. Moreover, some of them who haven't been in Finland are sure that quality and assortment there are much better than in Russia.

From the disintegration of the Soviet Union some sole traders organized outlets, where it is possible to buy products from Finland, and some sole traders don't have any office, they just try to sell products to the people, who are known by them or in small outlets. Surely, the scale of this business is small, but it has constant demand within population.

On the Figure 3.5 is shown a photo, which has been done in the market in town Sertolovo, which is located in Leningradskaya oblast.

Figure 3.5 The example of selling Finnish production by sole traders in Russian
At the same time, government of Finland on top and on municipal level tries to support economical relationships between Russian and Finland. That's why it is possible to say that Russian tourists will be attracted to Finland for the long time.

3.3 The necessity to create brand awareness of Pentik for Russian customer

According to Kotler and Armstrong, a brand is a name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of group of sellers and to differentiate them from those of competitors. (Kotler & Armstrong 2004). Nowadays brand is the strongest asset for the company. The most expensive brand in the world Google is appraised in 114 billions dollars. (Financial Times 2010)

Brand has important advantages. First of all it's investment, it allows to get additional profit, it makes easier process of choosing goods for customer, it protects the whole company during cooperation with partners, it makes goods recognizable from competitors, helps to enter to foreign markets, supports emotional links between customer and company and develops whole industries and different categories of goods. (Rozova, pp 111-112, 2008).

Pentik is a strong brand in countries, where the company operates. Finnish customers are loyal to the brand. However, Russian customers don't have even awareness of this brand. At the same time brand is central element of consumer market and consumer behavior in Russia. (Nielsen Company 2006)

According to the marketing research, which was done by GFK-Rus, from 2001 Russians are able to identify brands quite well. Moreover, some western brands are known better in Russia than in home market. In this way, 23% of Russians recognized American brand Avon, and only 15% in USA. (GFK-Rus 2008)

The different periods of relationships between Russian consumers and brands are shown in Table 1.
Table 1

<table>
<thead>
<tr>
<th>Period</th>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>&quot;lack of knowledge&quot;</td>
<td>Whole period of the Soviet Union. Brands are not existed.</td>
</tr>
<tr>
<td>1990-1993</td>
<td>&quot;wonder&quot;</td>
<td>The stage of first import goods</td>
</tr>
<tr>
<td>1993-1996</td>
<td>&quot;recognition&quot;</td>
<td>Identification brand by country, where goods were manufactured</td>
</tr>
<tr>
<td>2001-</td>
<td>&quot;knowledge&quot;</td>
<td>Brand recognition</td>
</tr>
</tbody>
</table>

Russians have become more loyal to the brands than Europeans. Although about twenty years ago people, who use to live in the Soviet Union, were able to recognize just a couple of brands, in 1993 according to marketing research two thousands respondents named about thirty brands, and in 1995 – more than 300. (GFK-Rus 2008)

Today 67% of Russians prefer to buy well-known products and 51% think that the brand goods are better than production of unknown companies. Moreover, brand awareness helps customer to orient in huge variety of offering products. On the one hand, 60-70% announced that they are loyal to the brand, but on the other hand only 20-25% are ready to overpay for the name. (GFK-Rus 2008). More detailed information can be found in Appendix 5.

At the same time majority of Russian customers want to buy goods of top market. Even they are not able to afford it, they will somehow get desirable product. People belong to the logo "You are what you buy". Power distance is high in Russia and people try to underscore their status by purchasing expensive goods. Even if a person hasn't money to get something, he will try to get a loan from bank or will save up. As an example, could be given situation, when people get a loan from bank to buy car, and than hasn't got money even for petrol for it. However, the main purpose is to show the society that it is affordable for them. (Memoid, 2010)
That's why the prestigiousness of brand plays a crucial role for the Russian people. By this rate, Russian has got ahead of such countries as Italy, Germany and France. In Chart 3.5 is shown percentage of people who buy expensive products to show what they have reached in their lives.

Chart 3.5. Share of people, who buy expensive products to show their high status (GFK-Rus 2008)

To sum up all these facts it has become obvious that if a company wants to attract Russian customer it should create awareness of brand. In case of Pentik it's necessary to show that Pentik brand is strong and prestige. It should increase a number of customers. Moreover, if customer knows brand, and will sure that it's a prestige one they will be ready to overpay for the name.

Pentik is located on the first stage of internationalization and looking for new markets. It could be a good opportunity to try to attract Russian customers in Finland, it's the safest variant of testing the market, and in case of success it could be possible to think about entry to the Russian market. (Patala 2008)
4 PENTIK COMPANY

Pentik is an international interior designer retailer. It owns 80 shops in Finland, Sweden, Norway and Switzerland. It is a limited, family company. All information in this chapter was taken from Pentik's official website.

4.1 Common characteristics

4.1.1 History of the company

The company was registered 13.10.1972 as a limited partnership. In 1996 Pentik was registered as close corporation with 98 shares. Pentik is a family company, with chief executive officer Topi Pentikainen. There are only five members in board of management and all of them are shareholders and members of one family.

Company has begun its history in 1969 with opening studio, in which its founder Anu Pentik sold her ceramics and leather products, which have been done in basement floor in her house. During this year in addition to the studio shop and café were opened. In 1974 the first ceramic factory was opened and two years later the first shop in Helsinki was opened.

In 1980s with economical growth company continued expanding, the assortment on that moment consisted of ceramics, leather product and furniture. In 1990s the company decided to narrow its assortment and focused on the most profitable product line - ceramics. At the same time the company was on the verge of bankruptcy, but fortunately was able to restore. Now company produces whole mix of design products from tableware to furniture.

In 2009 the company employed staff of 322. One part of shops are own by head office of the company, other one by sole traders by franchising agreement.

4.1.2 Corporate Social Responsibility
Company's social responsibility was always on a high level. Pentik was awarded as environment friendly company several times. Thus, in 2003 it was named the best employer in Finland, and in 2007 was awarded as Company of The Year in Finland. The jury commented: “Pentik Oy, a Finnish design icon since the 1970s is a family business with a strong sense of history that has succeeded in combining sustainable development and profitable growth in the 21st century."

The company tries to prevent environment pollution on every stage of product life cycle. A large part of waste is captured into energy, which has been used in manufacturing. It could be done thanks for the special technology, which is used by the company for a long time. Pentik use packaging which is suitable for recycling. At the same time recycling of waste electrical and electronic equipment satisfy requirements of Waste Electrical and Electronic Equipment Directive, EU WEEE.

4.2 Product mix decision

4.2.1 Products and services

Pentik produces all kinds of things to decorate customer’s house, such as tableware, glassware, textiles, furniture and delicates. Production is divided to seasonal and basic products, which can be easily combined together. The stores reflect Pentik’s holistic interior design philosophy that emphasizes quality and attention to detail.

Pentik also provides services, such as wedding and gift services and corporate gift service. Pentik offers a wide range of gift ideas. Pentik changes its collections four times per year, according to the different seasons. Each collection features colors of the existing season. Pentik has also a special collection, Pentik Studio, which is hand-made, uniqueness ceramics; it was the first collection that the company has launched.
Pentik is a strong brand, especially for Finnish people. To have a Pentik heart sticker on the package makes people feel happy and appreciated. Pentik represents timeless, uniqueness and respected hand made products for customers. These products are for people, who want to take care of their home, and for which it is the most important place.

Pentik is a local brand for Finnish people, but for others it is considered to be a foreign one. Pentik has a straight extension mode. They produce the same products for all countries and have the same promotional activities there too. (Kotler & Armstrong 2004, pp.613-615)

4.2.2 The product line decision

The important part of product strategy is building a product line. According to Kotler & Armstrong, product line is a group of products that are closely related because they function in similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges (2004, p. 289).

Pentik's products mix consist of nine different product lines, in other words has width of 9: tableware, glassware, table settings and food, interior decoration, textile, furniture, delicatessen, Pentik Studio, and seasonal products.

The other product mix decision is length, which refers to the total number of items company carries within one product line. For example, Pentik in interior decoration has lengths of 15. Products depth refers to the number of versions offered of each product in line. Thus, Pentik's glassware vases come in 30 varieties. The average length is 5. The whole assortment of the company is shown in Appendix 1.

Concerning consistency, all products is easy to combine. Each time of year Pentik offer special seasonal collection, which normally consists of additional products to each product line, but with special flavor.
4.2.3 Structure of the distribution channel

Pentik uses an exclusive coverage approach, because they sell their own production in their own shops. Pentik has a huge ability to influence other channels by vertical integration, because manufacturer, wholesaler and retailer are in the same company. Now Pentik has more than 80 shops in Finland, Sweden and in Norway. In addition, Pentik sells its production in such shops as Stockmann, Sokos and on the board of cruise liners Silja Line.

Pentik manufactures their products in Posio, Lapland, and abroad. They transport the products from there to the retailers in other countries. However, they don’t deliver to private customers in other countries. Pentik shops are working in a franchising concept, so the franchising entrepreneurs get for example guidelines for advertising from the head-office.

Pentik sells products on the Internet, so by ordering from the web, you will receive the goods delivered by post in five days. Pentik’s online shop operates only in Finland at this time.

4.2.4 Promotional channels

Pentik uses magazines and newspapers as its main media. Pentik has been shown for example in Finland in magazines like Glorian koti, Eeva, Kotiliesi and Koti ja Keittiö. They have also had different contests in magazines and the price for the winner is Pentik products. Pentik has also published an interior design book, Pentik-at home, which has decoration plans for different seasons. The book is sold in Pentik shops and in some bookstores. The example of advertisement is shown in Appendix 4.

Pentik has a "friend club" which functions on the Internet and online customers will be joined in this club. Pentik appeals to online buyers with a special opening offer, so as a member, a customer will get 20 % discount of purchase. Pentik's online product range differs from the ones in their stores. Franchising shops
have their own loyalty cards. If a customer makes purchases for certain amount of money, they will get a gift coupon, for this particular shop.

Pentik also has its own catalogs. They have contests in certain magazines/ in the internet, where the prize is Pentik's products. There are also Pentik's products as some gifts samples, which come aside if you order a certain magazine.

Pentik's idea is rich presentation of their products convinces customers shopping and decorating their homes. Pentik's CEO describes Pentik's idea of product range as massclusive; exclusive products for mass.

5 MARKETING RESEARCH

Quality, customer's satisfaction and information have become the strongest assets for the firm. According to the McDaniel & Gates (2006, pp 3-9) by having knowledge of factors which could have an impact on marketing mix and target market, management could be proactive rather than reactive. In this case, the turbulence of marketing environment could be viewed as field of opportunities. That's why marketing researches play crucial role in proactive management.

McDaniel & Gates define marketing research as planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to the management (2006, p. 6)

Customer research allows obtaining qualitative facts about particular markets and markets niches. Collected information can help to forecast future sales, to find out new trends. They could help to find out who are the target customers, where they are located, what level of income they have. Moreover, market research allows answering the question, why customer prefers one brand to other one. (Proctor 2005 p.9)
5.1 Marketing research process

On the Figure 5.1 is shown process of marketing research. The marketing research process begins with recognition of management problem or opportunity, which should be translated in marketing research problem and objectives of this research should be stated. Than the research design is created (2), method research is chosen (3) than follows selection of the sampling procedure (4), collection of the data (5), analysis of data (6), writing and presentation report (7) and finally management should follow-up.

![Figure 5.1 The marketing research process (McDaniel & Gates 2006, p. 33)](image)

The main aim of researches, which were done in content of this work, was to find out level of awareness of brand Pentik of Russian customer. Sanna Sulkakoski, the owner of the shop Pentik in Lappeenranta has noticed that the majority of Russian customers have never heard about Pentik. At the same time was important to find out who were potential consumers for Pentik, the main features of Russian consumer in Finland and possible channels for promotion.
To get required data it was decided to make two researches. To get information about level of knowledge of Pentik was decided to make a survey within Russians who come to Finland. Due to lack of secondary information about Russian consumer behavior in Finland was done interview with owner of Pentik shop and the director of shop Kekälä in Lappeenranta, to find out their attitude to Russian consumers.

Besides that, it was important to analyze information about Russian citizens, who come to Finland, to define importance of them for the whole region and for the particular shop. For this purpose, secondary information was used. Different sources were used which allowed comparing information and avoiding mistakes. The scale of analyzing was huge and wasn't any possibility and necessity to use only primary information.

To find out necessary primary information was decided to use survey as method of collecting information.

According to McDaniel & Gate, survey research is a research in which an interviewer interacts with respondents to obtain facts, opinions, and attitudes. The advantages of this method are possibilities to get in touch directly with customer, flexibility in performance and possibility of automatic data processing. (McDaniel & Gate 2006, p. 35)

In content of this marketing research were used two types of survey – interview with using questionnaire and depth interview. The survey was chosen as main method in this work, because it was necessary to find out consumer's opinion and sellers directly, to understand what they really thought. Secondly, the time of research was limited, and survey allows getting necessary data in shorter time. Moreover, the timing in case with survey is more flexible in comparing with other research method.

Beforehand it was decided to provide mall-intercept interview, but all respondents had refused request to answer the questions. The overall refusal
rate today is approximately 79%, according to the Council for Marketing and Opinion Research. (McDaniel & Gates 2006, p. 120)

To attract respondents it was decided provide to them with gift coupon for shopping in Pentik. Unfortunately, despite all effort to explain how this coupon could be used, people didn't want to get it. In addition, almost all saw this attempt to attract as a tool to trick them.

Because of limitation of time were decided to use also self-administrated questionnaire. Still it was necessary to provide only required information. That’s why all respondents were chosen by following requirements – to be citizen of Russian Federation, visit Finland, and have middle or upper income. Because the last requirement was hard to recognize simultaneously, were decided to ask only people who had a job.

As far as in Finland permanently live a big amount of Russian citizens, it was decided to also involve them into survey. The other huge part of respondents was people, who worked in tourist agency, which specialized in Finland. 50 respondents participated in the survey. The base of this research was a questionnaire, which is found in Appendix 1.

5.2 Questionnaire Design

5.2.1 Criteria of good questionnaire

The good questionnaire should satisfy following requirements. Firstly, it should provide necessary decision-making information and should be aware of questions, which are asked without any sense. Secondly, it should consider the respondent.

The majority of companies have understood the necessity of information, as a result, the number of marketing researches has growth dramatically, and refusal rate, on the contrary, increased significantly.
That's why during process of design the questionnaire is necessary to pay attention not only to the management goals, but also on impression of questionnaire on the respondents and on its length. The questionnaire should suit to the target audience. It's very important to pay attention to the language issues and avoid jargons and business terminology. The best way is using daily language, to avoid misunderstanding of the questions. (Proctor 2005)

Thirdly, questionnaire should meet editing and coding requirements. It should be easier to processed data. Thus, for example, respondents could skip some of questions. In questionnaire, this was used in this work, people, who hadn't heard about Pentik, skipped question about purchasing in it. It was done to reduce unnecessary data from the beginning. In case of open-ended questions could be hard to decode some data, because it could be not connected with important data that's why in questionnaire it is recommended to use closed-ended and multiple-choice questions. (McDaniel & Gate 2006, pp. 257-261)

5.2.2 Questionnaire design process

Design of questionnaire includes several steps, which shown in the Figure 5.2. As first two steps have been discussed before in 5.2.1., the characteristics of questionnaire design process will be started from third stage, namely from determining the question respond format.

In common, questions could be open-ended, close-ended and mixed. Respondent should reply to open-ended questions in his or her own words, what means freedom for him or her. However, at the same time it makes problems for editing and coding.

Closed-ended questions include answers, from which respondent should make his or her choice. The main advantage of them is simplicity of coding and editing, because such questions eliminate unnecessary information. Moreover, if respondent answer by his own words he could forget some necessary points, in case of closed-ended questions important issues will be in the list of answers.
Mixed questions include list of answers and point “your own variant”. (Rozova 2004, p. 69).

Figure 5.2. Questionnaire Design Process (McDaniel & Gates 2006, p. 263)

In this questionnaire have been used only closed-ended and mixed questions. Questionnaire can be seen in Appendix 2. However, during preparation of the questionnaire open-ended questions have been used to find out possible and most common variant of answers.

After data had been gathered, the most important and common alternatives were chosen, which afterwards have been included in the questionnaire. E.g. Question № 1b: "Which cities you visit most often?" has included answers of cities, where shops were located, owned by consignor of this work and the capital of Finland, as the most visited city. At the same time has been included answer “own variant of answer”, to find out which cities are also popular. The questionnaire has been consisted of 10 questions.

In questionnaire dichotomous questions, multiple-choice questions and scaled-response question were used. Dichotomous questions include two-item response option. Such questions are constructed in most understandable way for the respondent. Thus, Question №4: "Are you ready to pay more for
handmade products/respected brands” implies only answers “Yes” and “Now”. Such questions are easy to administer and tabulate. Moreover, because respondent should choose between two alternatives, they usually evoked a rapid response. Obviously, such questions should be formulated clearly to avoid misunderstanding. (McDaniel & Gates 2006, pp. 264-268)

The other type of questions is with variant of answers replies to give one or more alternatives that correctly express his or her opinion. As it was mentioned before, some multiple-choice questions have been based on open-ended ones, which had been done to find out necessary alternatives. However, in this questionnaire also have been used questions, which have not been discussed beforehand with respondents. E.g. Question № 6c: “Which products have you bought in Pentik?” includes alternatives, which were based on the assortment of the company.

Not to limit respondent in some questions they have been provided with alternative “your own variant”. So, in Question № 5: “Which sources you use to find out information about shops in Finland?”, the alternatives of answers were formulated according to the possible promotional channels, which have been available in Finland and have been oriented to Russians.

The next step in questionnaire design is actual writing the questions. There are some guidelines, which should be considered. Firstly, the wording of questions should be clear. That’s why in Question 1a. “How often do you come to Finland?” were given ready to answer alternatives, because respondents could had different opinion about frequency of visiting. (McDaniel and Gates 2006, p. 270)

Other necessary issue is the language style. The most affordable language for the contact audience Should be used. In this questionnaire was used daily language, to be understandable for all respondents. The questions have been designed to be as clear as it is possible for the respondents. At the same time it has been considered some cultural issues that’s why it was important to use highly polite way of questions. E.g. was necessary to use only “You” instead of
“you”. There are inceptions connect with Russian language. Such aspects are quite important, because they help to avoid biasing of the respondent.

This survey was done in order of the company Pentik, and respondents were informed about it.

It also was considered the respondent’s ability to answer the questions. Thus, all questions have been connected directly with respondent. It could be hard to answer on behalf of someone else, even if this person is well known by respondent. At the same time questionnaire has been structured to avoid unnecessary answer. Question № 6a: “Have you ever heard about Pentik?” has divided all respondents in two categories. Obviously, the group of people, who have never heard about Pentik, wasn’t able to answer questions about purchasing in this shop that’s why they have skipped these questions. (McDaniel & Gate 2006, p. 273)

On the other stage is necessary to establish questionnaire flow and layout. It is necessary to put question in logical order, because in this way gathered answers are more carefully thought out. The McDaniel and Gate have recommended the structure of the questionnaire, which are shown in Table 3

Table 3

<table>
<thead>
<tr>
<th>Location</th>
<th>Type</th>
<th>Examples</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screeners</td>
<td>Qualifying questions</td>
<td>Have not been used in this questionnaire, because respondents have been selected beforehand</td>
<td>The target – to identify target respondents</td>
</tr>
<tr>
<td>First few questions</td>
<td>Warm-ups</td>
<td>«How often do you visit Finland?»</td>
<td>Easy-to-answer questions, show to the respondent that questionnaire is not difficult</td>
</tr>
</tbody>
</table>
The questionnaire has been maximal brought closer to this structure, but at the same time has own features. The main idea was to provide personal survey, and in case if respondents does not understand the questions, the interview will help him or her. All respondents have been selected beforehand. Only Russian citizens were interviewed, who visit Finland or permanently live in Finland. The one part of respondents was known by interviewer, the other part has satisfied all requirements. That is why qualifying questions have not been used.

The last question has included pictures of products, and respondents had to choose what products they liked. Beforehand were decided to show product catalogue, but it wasn’t ready, so it was decided to use photos from official web site of Pentik. This question has been advertising at the same time, because has attracted attention to the production.

Approximately half of respondents have filled self-administrated questionnaire. To avoid problems with misunderstanding have been used some important details. Thus, all instructions were put in capital letters and have been used introduction and closing. (Proctor 2005, pp. 204-205)
It is necessary to evaluate questionnaire before implementation by following issues. All questions should be necessary, it is crucial to avoid questions “nice to know”. Usually demographic and social questions belong to this category.

A critical criterion for the questionnaire is the length. However, the number of question is not main point, and it is necessary to find out how long it takes to complete the questionnaire. Questionnaire, which has been designed in this work, has not taken more than 5 minutes, what is optimal time. According to the main rules, survey should be not longer than 20 minutes in case with mall and over the telephone and 15 minutes to complete Internet survey. (McDaniel & Gates 2006, pp. 144-145)

Questionnaire should also provide necessary information for the research data. It is useful to review written objectives carefully to the for the research project. E.g. coordinate each question to the purpose of research. To find out level of awareness about Pentik company were asked questions №6a-6d, to identify potential promotional channels - № 5-6d, to characterize potential and existing customers - № 1-4, 7.

On the seventh stage of questionnaire design process is necessary to obtain approval of all relevant parties. In frame of this work, the questionnaire has been discussed with consignor and scientific advisers in Finland and in Russia. After discussion, some changes have been made. Nevertheless, it is necessary to get managerial approval, because marketing environment could change very quickly. (McDaniel & Gate 2006, pp. 278-279)

During pre-testing, some details have been changed. Thus for question №5: “Which of the following criteria are the most important for you when making decision to purchase”, has been decided that respondent had to use one number only one time.

During preparation of the final copy has been checked the numbers, quality of paper. It was necessary to put all questions on format A4 on the one hand, and
on the other hand the questionnaire should not be overload. The questionnaire should look professional.

The last stage is implementation of the survey. Usually, researcher makes special instructions, which can be used by supervisors and interviewers. However, in this work one person has done everything. That is why it was not needed to prepare instructions. Nevertheless, the main targets of survey have been established, which include necessary sampling (50 respondents), characteristics of respondents, knowledge of research object and readiness to explain and answer the questions.

5.3 Depth interview

Due to lack of secondary information about Russian consumer behavior in Finland, it was decided to implement an interview with owner of the shop in Finland, to find out their attitude and perception of Russian customers.

Beforehand was an idea to get interview from shops, which are competitors for Pentik. However, these respondents have refused participation. That is why it has been necessary to find shop, which had the same target audience, was located in Lappeenranta, but wasn’t competitor for Pentik. Kekäle was a best variant.

Kekäle is retailer chain, which is specialized in high-quality clothes and accessories. It has been operating in Finland more than 40 years. The target audience is people with middle or upper income. Assortment consists of well-known brands, such as Hugo Boss, Marc O’Polo, Lacoste. (Kekäle 2010)

For gathering data has been used depth interview, because has been essential to get as qualitative information, as possible. Depth interview is a research method in format of personal conversation. The main feature of depth interview is absence of question’s structure. Instead of it respondent gets an opportunity
to say his ideas in free form. The main advantage of this research method is gathering full and reliable data. (Proctor 2005, pp. 234-236)

Moreover, it is easy to understand attitude to respondents toward discussing case, his or her ideas and opinions. It was valuable that during the interview respondent has found out new ideas and offers. (Rozova, 2008, p. 66)

The owner of the shop Pentik in Lappeenranta, sale assistants in the same shop and the manager of the shop Kekäle have been interviewed during this survey. In the beginning of the interview all respondents were told about the main purpose of the survey. The interview took from 20 to 40 minutes. To get full data about target topic and not to disturb respondents, all have been informed before and the time and the place of interview were discussed. The interview has been in format of conversation. The business style of conversation was not use specially to make respondent feel relaxed.

In spite of unstructured scheme, all respondents have answered such questions as their opinion and attitude to Russian consumers, evaluating Russian consumer behavior and possible and existing promotional modes to attract Russian consumers.

6 RESULTS OF MARKETING RESEARCH

6.1 Results of survey

The survey was made to find out level of awareness about Pentik of Russian customers, who came to Finland or live there permanently, the basic characteristics of potential Russian consumers, and possible promotional channels.

The questionnaire consisted of 11 closed-ended and mixed questions. 50 respondents have participated in the survey. The survey was performed with
face-to-face interview and self-administrated questionnaire. The main problem was high refusal rate. To decrease this rate it was decided to use different bonuses for respondents. Unfortunately, such strategy didn't work.

During the survey Russian citizens were interviewed, who have lived permanently in Finland or have visited this country. In the Chart 6.1 it is shown how often they have visited Finland. The majority of respondents – 47% - has lived in Finland, 23% - have visited Finland 2-4 times per year, 12% of respondents has visited Finland almost each month, 6% - almost each week, 6% - 5-8 times per year, and 10% - just one time per year or rarely. In this way, about 70% of respondents have visited Finland quite often.

![Chart 6.1. The frequency of visiting Finland](image)

In the survey have been participated 63% women and 37% men. The majority of respondents have preferred Lappeenranta to visit (53%), others were divided equally between Kotka and Helsinki, and in alternative "your variant" has been mentioned Imatra.
Chart 6.2 The purposes of visiting

In the Chart 6.2 are shown purposes of visiting Finland. The respondents, who lived in Finland, skipped this question. The majority of Russians come to Finland for shopping (33%), on the second place is tourism (26%) than follows work (19%), visiting friends and relatives (17%), and for other purposes come 9% of respondents. It should be mentioned that the respondent could choose several alternatives in this question, and the majority of them have used this possibility. Tourism-shopping-visiting friends and relatives became the most popular combination.

According to the results, 58% of respondents have never heard about Pentik and from 47% respondents, who have heard 27%, have never made a purchase in this shop. In the Chart 6.3 are shown data about purchases in Pentik shops. One time purchase 28% of respondent have done, 2-5 times – 29%, more than 5 times – 14%. To sum up, from all respondents only 18% have made purchase in Pentik several times, and only 6% could be characterized as loyal customers.
The frequency of purchases in Pentik shops

In the Chart 6.4 are shown the most popular products within Russian customers. The most popular product is glassware (29%), and than follows tableware (21%), table settings (18%) and interior decoration (14%). Any respondent has not bought furniture, what is obvious, because transportation furniture from Finland to Russia is quite difficult and expensive. However, several furniture shops in Lappeenranta provide such service for the Russian customers, but Pentik is not able to do it on the moment.

Concerning the most popular production, such as glassware and tableware it should be mentioned that Russian customers especially come to Finland to buy it. On some forums it was mentioned that Finnish ceramics, glassware and interior decoration are popular within Russians.

The main features of these products are design, functionality and singularity. At the same time was mentioned that production could be in different styles. According to the owner of Pentik shop in Lappeenranta about two years ago, Russians bought only classical tableware, avoided any folk flavors. However, today the demand of products with original and Scandinavian design is growing rapidly. (Stop in Finland 2009b)
Chart 6.4. Production

As it is shown in the Chart 6.5, Russians prefer social sources, when they are looking for information about shops in Lappeenranta (30%), the Internet (24%), and newspapers and journals. Just 9% get information through the radio and 12% discover shops using booklets. Nevertheless, on the Finnish territory there is only one Russian radio available – Sputnik, which has quite wide coverage. The 2% have mentioned that they have paid attention to the outdoor advertising. Probably if variant "outdoor advertising" was within alternatives of answers more respondents would choose it.
Chart 6.5 The sources

It was decided to compare respondents with different level of awareness. People, who have heard about Pentik, but have never made purchases in these shops, and respondents, who have bought products several times also were analyzed.

6.1.1 The analyze of respondents, who have made a purchase in Pentik shops

The majority of respondents, who have bought products in Pentik shops, was women – 64%. To take into account that for the moment women make more purchases than men and the type of Pentik production, it seems to be logical and expectable. Also according to the survey, 53% lived in Finland, other shares belong to respondents, who came to Finland rather often: 27% - 2-4 times per year, 13% each week and 7% each month, and the respondents, who came to Finland one time per year have never bought Pentik's products.

However, it should be mentioned that majority of Russian citizens, who live in Finland permanently, communicate within Russian community and use only Russian media, and do not get in touch with Finnish people. That is why also within these people were not found out knowledge or even awareness of Pentik. At the same time one of loyal customers, Russian women, who is married with
Finnish man, mentioned that she thought that Pentik is the trendiest and the most well-known interior retailer chain in Finland.

The respondents discovered company by advice of their friends and relatives (38%), by accident (28%), through Internet (17%), by magazines and newspapers (11%), and by booklets (6%). Gathered data is logical, because company Pentik does not advertise in media which are focused on Russian customers. At the same time it is shown that the biggest power has social sources or word of mouth. The respondents and sales-assistants have mentioned that usually people came accidentally and made a purchase.

There are possibilities to attract more Russian customers by advertising in special media. Moreover, when analyzing the results of survey it is easy to understand which promotional channels should be chosen to advertise.

Obviously that the purchasing process and after purchasing period play huge role in advertising. People, who have made purchase, have huge power, because they could affect on others. That's why it is very important to make every purchase experience on top level, to make people come back and tell about they good experience for others. It should help keeping customers and attracting new ones.

6.1.2 Comparison respondents with different level of awareness

The correlation between purposes of visiting Finland of respondents who have and have not awareness about Pentik was almost the same. They are illustrated in Chart 6.6. It is interesting that people, who have not heard about Pentik, quite often came to Finland for shopping, visiting friends and relatives, and for tourism. At the same time respondents, who had awareness of Pentik brand, came to Finland for tourism, work and shopping.
Chart 6.6. The purposes of visiting

To identify the differences between groups of people, who have or have not awareness about Pentik it has been analyzed other aspects, such as criteria for purchase. The results are shown in the Chart 6.7

Chart 6.7 Criteria for purchase for loyal customers and for people, who haven’t heard about Pentik

All respondents have mentioned that quality was the main criteria when making decision about purchase (29 % of respondents have bought Pentik production, and 28 % of people, who have never heard about this company). On the second place is price with 24 % and 26 % respectively. The same rate of criteria
“service” – 16%. The uniqueness of the product is appreciated by existing customers – 19% comparing to 16% for others. The brand is more important for people who have not heard about the company – 14%.

The results of the analysis cannot underscore huge differences between different groups of respondents. It may be caused by fact that all respondents have been chosen by the same criteria. All of them had the same social level, the same geographical, national and age characteristics. In addition, it could be possible to say that the other part of respondents could become customers for Pentik. The same idea is proved by results of comparing these groups towards production that they could buy in future. The results of it are shown in the Chart 6.8

![Chart 6.8 Production, which can be bought](image)

The preferences of both groups of respondent are almost the same. It should be mentioned that glassware, tableware and interior decoration remain the most popular production.

Only one significant difference could be underscored. People, who have bought products in Pentik shops are more ready to overpay for hand made products (79%), and 50% of respondents who haven't heard about Pentik.
6.1.3 Comparison of people, who have and have not made a purchase

To evaluate more accurately the portrait of Pentik’s customer it was decided to analyze people, who had awareness about Pentik, but had never bought anything in these shops. They are the third part of respondents, who have awareness about Pentik.

The majority of them (83%) live in Lappeenranta, and 67% are men. During evaluation of their answers about criteria and readiness to overpay for hand-made products it became clear that they do not differ from other respondents. The percentage of people, who are ready to overpay for hand-made products is 67%, and the main criteria for them is quality (26%), price (25%) and uniqueness (20%).

To sum up, it is hard to identify differences of people with awareness, but without experience of purchasing in Pentik shops. However, they are just 12% of all respondents, and it is possible that they have huge amount of reasons not to buy Pentik’s products. E.g., they do not like design, or they are not interested in such production at all.

Another step was to compare existing customers with people, who haven’t made purchases in these shops. The results of this comparison are shown in the exhibit 6.9. Both groups of people have the same rate in all questions. There are not any differences in criteria of purchase. Even the rate of readiness to pay more is the same, 67% of each group are ready to overpay. The number of them is quite small.

6.1.4 Conclusion

The majority of respondents have never heard about Pentik (58%), at the same time 70% has never made purchase in these shops. Only 6% could be defined as loyal customers. In this way, the main purpose for the moment is creating brand awareness of Pentik for Russian customer. However, it is only the first
step in developing relationships between Russian customers and company Pentik.

Due to the fact that any crucial differences between existing and not existing customers have not been found, it is hard to find out only one specific type of customer. Most likely that such results were gathered, because respondents were chosen by the same criteria and sample was just 50 people. In addition, small groups of 12 and 6 people were compared.

However, it was found out the most popular sources for finding information about shops in Lappeenranta. They were newspapers, magazines, and Internet. In addition, results show that Russians trust advice of their friends. Also it should be mentioned that shopping-tours have a special trip, and do not stop in some shops at all.

At the same time it should be mentioned that respondents, except one, told that they liked Pentik’s production and if they had possibility, they would buy it.

In addition, eight customers were interviewed in the shop after they had made a purchase. They didn’t want to fill the questionnaire and questions were not asked in the right order. Still they told about their perception of the Pentik shop, willingness to repurchase and their ideas how to improve service. All respondents told that they have very good attitude to Pentik shop, in spite of fact that some of them were first time there, and would be ready to repurchase. All these respondents come to Finland quite often, and prefer their car as transport mode.

However, respondents have brought some ideas what could be changed in service. In their opinion, it is necessary to translate all written material in the shop to Russian language, because they do not understand information about sales and instructions, how to use some products. They will be glad to receive catalogs from Pentik, by e-mail or normal post. In whole it could be mentioned that respondent have favorable perception of Pentik shops.
In conclusion it could be possible to say that Russian customers can be considered as potential niche. Moreover, it is necessary to create marketing strategy, which will be aimed to attract them. Such strategy should consider previous experience of the company and special features of Russian consumer.

6.2 The results of depth interview

The results of interview are presented separately, because they were found quite contradicting.

The respondents were owners and shop assistants in the shops. All of them have been interviewed independently to get as much information as possible.

6.2.1 The results of interview in Pentik shop

All respondents noted big differences between Russian and Finnish consumers. The first thing that has been underscored that Russian customers were not willing to get in touch with shop assistants at all. They don't ask for help, and even don’t respond to greetings. Finnish staff hasn't use to such behaviour, because they usually communicate or even have small talk with native population.

Moreover, the biggest part of Russian consumers just gets in shop, but do not make any purchase. More often they make a round of shop in hurry. It was also mentioned that Russian customers didn’t care about prices, and even didn’t make any attempt to get discount or make a tax free purchase.

The owner of the shop Pentik in Lappeenranta described usual situation:

“Russians came to shop, got something that they like and put it on the cash desk than went for other products, got something and put on the cash desk, and did not say anything”.

The sum of purchase varies greatly, in some cases it could be just 20 euros, in some cases 500 euros is not a limit. Respondents also noted the most popular goods. They are glassware, tableware, textile and coffee.
6.2.2 The results of interview in Kekäle in Lappeenranta

A respondent noted that had very favorable attitude to Russian customers. She has been working in retailing business more than 10 years. She is able to analyze the evolution of Russian consumer behavior in Finland.

During these 10 years, some aspects have been changed significantly. Russians got opportunity to visit Europe after the disintegration of the Soviet Union. The possibility to make purchases in foreign countries was something unique and sometimes even unbelievable. That is why people tried to buy as much as they could, the biggest part of all purchases were presents to relatives and friends. At the same time, people had not any knowledge about market and necessity of buying. About three years ago, noticed the respondent, Russian consumers did not get in touch with shop’s staff and very rarely asked about discounts and tax-free purchases, because evaluated it as an indicator of low status.

However, at the moment the respondent can’t find any differences between Russian and Finnish consumers. Moreover, Russians have learned quite well the Finnish market. More of them ask about discount and 99% apply for tax-free. Also it was noted that Russian customer exactly know what he want from color to brand.

In additional, it was noticed that Kekäle has a number of loyal Russian customers, which came to shop about once per month. However, due to economical circumstances the number of customers and volume of their purchase have decreased. Nevertheless, more than 20% of turnover belongs to Russian purchases.

To attract more Russian customers and make them loyal to the shop the staff tries to create “warm atmosphere”, in other words try to do the process of buying as comfortable as possible. The main approaches in it are excellent service, wide assortment and beneficial for customer combination of price-
quality. When prices in Kekäle with shop in Saint Petersburg are compared, the prices in Finnish are cheaper for 30%.

The clothes shop chain Kekäle tries to adapt to foreign customers, the biggest part of which are Russians. The personal knows basic phrases in Russian. One of the shop assistants speaks Russian fluently and can help if some problems appear.

The best advertising is word of mouth, thinks the respondent. In addition, as it was mentioned, it is impossible to cover all respondents, and best communication channels are those which are focused on Russian people, who come to Finland. It is possible to see Kekäle advertising in magazine Stop in Finland, which is shown in Appendix 4. Russian version of Kekäle's official website has been issued.

Another respondent, who has worked in Kekäle and speaks Russian, noticed that commonly all Russian visitors could be divided in two groups. First of them are people, who come to Finland for shopping, because it is calmer in shops and service is better. The other category is people who want to buy only products with discount, and for whom price is the main criteria.

6.2.3 Conclusion

Both interviews were done in the same period. Differences in results seem to be quite strange at the first glance. However, when the respondents were considered more carefully, some explanations could be found.

First of all, shops have different assortments. Customers usually need help if they try to buy clothes, because they probably will need other color or size. However, if a person wants to buy some glassware he or she does not need help, because he can evaluate and create attitude to product without any fitting.

In addition, Russian visitors do not speak foreign languages. According to the researches of TAK Ltd, 6.5% of Russian visitors are able to speak Finnish, and
about 50% English. That is why it is difficult to speak with shop assistants, and describing something using body language is not comfortable.

It is important that Kekäle is well known within Russians, and its assortment consist of famous brands. At the same time quite little amount of Russians knows Pentik brand.

In addition, shops are located in different parts of Lappeenranta. Kekäle is in the center, and Pentik is in a new shopping center, which is unknown and to which is hard get without a car.

However, Russian customers make quite big part of profit for the shops, and Pentik should be interested in attracting it. It could try to get some niche, as Kekäle has. That’s why the experience of Kekäle could be useful for Pentik. Nevertheless, the main idea that everything should be initiated from the management of the company, because in other cases it will be just small attempts to attract customers.

However, some guidelines for the Pentik shop could be defined. First of all, all information should be provided in Russian. One of the Russian consumers told that he would by more, if service was in Russian. All description of products should be translated, the staff should speak Russian, at least on a basic level. In Lappeenranta there are quite a big amount of people, for whom Russian is mother tongue, and at the same time they can speak Finnish.

7 DEVELOPING EFFECTIVE COMMUNICATION

During the last decades the majority of companies have succeed in art of mass marketing – selling standardized products for masses. By investments millions of dollars in mass media, they have used only one advertising for all categories of customers. However, in the twenty-first century they have faced up with new reality. Two main factors have influenced on marketing communication. Firstly, market is not standardized anymore, more and more companies focus on
certain segments, trying to build closer relationships with customer. Secondly, information revolution has allowed being closer to the customer, being proactive and reaching the narrowest segments. (Kotler et al 2004, pp. 467-468)

Kotler and Armstrong in their book “Principles of marketing”, have noticed that marketers should find new promotional channels, because of the shift from mass to targeting market, and corresponding use of larger and richer mix of communicational channels.

However, some problems, such as different understanding the message by sender and receiver, disproving messages from different sources, and problem of integration different promotional channels, have appeared. E.g. the mass media position product or company from one point, price decision from other, and on the official web site provides customers with another one. In such cases customer may be lost in all messages.

Such problems could appear, if information is got from different parts of company, which do not communicate with each other. To avoid such problems companies use concept of integrated marketing communication (IMC). The idea of this concept is illustrated in Figure 6.1. The main idea of it in is carefully integration of all marketing elements, such as advertising, public relations, personal selling, etc., instead of developing them separately. At the same time, external and internal users in the company should know them. (Kotler 2004)

![Blended mix of promotional tools](image)

**Figure 7.1 Integrated marketing communication (Kotler & Armstrong 2004, p. 470)**
Moreover, IMC helps to build the individuality of brand, because it ties and reinforces all images and messages. In this way, customer could be able to identify to which brand or company product belongs by each contact point.

IMC consists of identifying target audience, determining the communication objectives, design appropriate and coordinated promotional strategy, which is aimed to receive necessary response from customer. (Kotler & Armstrong 2004)

American Quality and Efficiency Center has marked out four stages of development IMC. On the first stage it is necessary to define, coordinate and learn to manage all forms of external communications. On the second - expand communication scale, add to it all members of the organization. The third is integration informational technology in IMC program. In addition, on the last one to consider IMC as investment, instead of division function. (Kotler 1998, p. 390)

It is necessary to develop communication programs to each segment of customers. Thanks to developing of new technologies; companies should think about, not only how they can get in contact with customers, but also, how customers could reach them. Moreover, nowadays customer has become an initiator of searching information about company. Such tendency supports technology development, and as result of it huge amount of information, which customer could receive.

7.1 The communicational process

It is necessary to understand the base of communication process to make it more effective. Communication consists of nine elements, which are shown in Figure 7.2. The main elements are sender and receiver, the main communication functions are message and media are tools of communication, encoding, decoding, response and feedback. However, the target audience may not receive a message, because of three reasons. The first is selective attention, because of what receiver notice only 80 messages from 1600, and only 16 he or she memorize. The second is misinterpretation, receivers could reconsider the message, or not notice what message includes (evening-out).
The third reason is selective memory, in long memory are stayed just few messages. To relocate message from short to long memory the number of repeating are needed. (Tellis 1997, pp.104-107)

Figure 7.2. Elements in communicational process (Kotler & Armstrong 2004, p.471)

7.2 Developing Integration Marketing Communication

The process of developing IMC consist of eight stages: identifying the target audience, determining the communication objectives, designing a message, choosing media, setting the total promotional budget, setting the overall promotional mix, and integrating the promotional mix. (Kotler 1998, p. 472)

Some questions of developing marketing communication, such as identifying target audience was discussed beforehand with Vsevolod Pishalnikov, Marketing Director in one of Russian companies.

7.2.1 Identifying the Target Audience

Marketing communications start with clear vision of target audience. The main purpose of this work is to attract Russian customers. Accordingly, the target audience is Russian customers, which came to Finland or live permanently in this country. During the marketing research have been defined characteristics of target people. For this purpose it has been analyzed the results of both surveys and purchases, which Russian customers have made. Because of average cost
of purchase (about 50-70 euros) the income of customer should be about 800 euros per one family member. The supposed age frame is 30-50 years old.

Taking in account the character of production, namely high quality, quite high price, design, could be possible to suppose that customers are people, who are use to get satisfaction, be surrounded by beautiful things.

Also because production of Pentik company is new for Russian customers, they could belong to innovators, people, who are open for all new and interesting and become pioneers of production. These people catch new trends, which are followed by others later. That is why companies try to create the best conditions for such people, because they could affect on other people’s decision about purchase. (Solomon et al 2002 pp. 481-484)

As it was mentioned before, the main sources of information for Russians as for all other people is social one, namely advises of friends and even unknown people.

In this way potential Russian customers are successful people, women, inhabitants of large cities, managers of middle and upper level, use to get satisfaction from life, most likely innovators, open for all new and interesting, visited Finland at least two-four time per year.

7.2.2 Determining the Communicational Objectives

At this stage it is necessary to decide what response is sought. Companies want to get purchase, customer satisfaction and good image as response. (Kotler 1998, p. 392)

During the survey it was found that the majority of Russian customers had not awareness about Pentik brand, and the other part have recognized just the name of the company. That is why at this stage is necessary to create brand awareness about Pentik. As a whole, there are six buyer-readiness stages: awareness, knowledge, liking, preference, conviction, and purchase. Customer
passes these stages in this order through way to purchase. (Kotler & Armstrong 2004, p. 472)

Companies develop their marketing campaigns, depending on buyer-readiness stages. E.g., when Nissan Company decided to launch a new automobile line Infinity, they started with creating name awareness. In the first advertising only name of new cars were mentioned, when name became familiar to the customer, they added to advertising the image of car and its characteristics. (Kotler & Armstrong 2004, pp. 472-473)

Knowing all advantages of Pentik production it is necessary to point out them, and try not to create wrong image of company. In this way, the purpose of marketing communication for the moment is creating brand awareness of Pentik. The production of the company should become a symbol of success and good taste for Russian consumers, in other words, should be created image of quality, unique, design production to attract customer.

For this purpose customer should receive information about Pentik products advantages. Firstly, customer should be aware of company, and than know it as successful company, with rich history, which production is unique and desirable for people in other countries. In this way could be used model “know-feel-do”. (Tellis 1997, p. 308)

**7.2.3 Designing a Message**

Considering desired audience response is necessary to develop an effective message. Ideally, such message should get attention, hold interest, arouse desire, and obtain action. This framework is known as AIDA. (Tellis 1997, p. 308)

To create awareness of brand or company sometimes is enough to use simple messages, in which repeats name of product or company. To create knowledge about company is necessary to expand message, make it more specific and informative. (Kotler 1998, p. 395)
For creating effective message is necessary to decide content, structure and format. (Kotler & Armstrong 2004, p. 473)

**Message content**

According to the Kotler exist three types of appeals: rational, emotional and moral (Kotler 1998, p. 398)

In this marketing message will be used emotional and rational ones. Rational appeals relate to self-interest of audience. It helps to show that product has desired benefits, such as high quality, uniqueness and special design. Moreover, the image of reliable, taking care about its customers, social responsible and having a rich history company has to be created. To inform about this customers, could be use articles in magazines, Internet, and also in advertising booklets.

Emotional appeals provoking positive or negative emotions make customer to make a purchase. There are huge list of emotions and senses to which marketers try to appeal. This message will appeal to happiness, comfort, love, self-confidence, satisfaction. The customer has to think that Pentik production will bring comfort, harmony, love and happiness to whole family. Moreover, it could be a best present for the loveliest place in the world – their house. The history of each product has to be noted. It should be understandable that people do not by goods for house, they buy special atmosphere to their houses. (Solomon et al 2002, pp.173-174)

The customer should think that purchase of Pentik products is a symbol of their success, high status and excellent taste. That only with it, they will feel proud of their house and will be happy and satisfied there.

**The format**
The marketing communicator should create format of message. This message will be in form of printing advertising, and title, language, illustrations and color should be thought over. (Kotler & Armstrong 2006, p. 475)

In printing advertising it is going to be used the existing illustration, images, which are used by company now. However, it is necessary to pay attention to the fact that Russian customer do not have awareness about company and probably the advertising campaign should be adapted for them. In the magazine “Goods in Finland” (original name "Товары в Финляндии") was published advertisement, which is illustrated in Appendix 3. In the same appendix are shown the standard advertisement of Pentik, which has been printed in magazine "Avotakka". Both of them have been done in same style.

However, the advertisement in magazine “Goods in Finland” cannot get attention of Russian customers, because it hasn't got any memorable sign. Moreover, when people were asked about their opinion about this campaign, they told that did not pay attention on it. This advertising reminds about company for the existing customers, but do not attract new ones.

Surely, it's necessary to consider existing experience of Pentik Company. Thus, the logo of the company could be translated in Russian, as «Подари дому свое сердце» (Present your house your heart). The logo is aimed to create positive feelings about Pentik product that products are done for people, to whom the house is the main place. At the same time product line Pentik studio has its own slogan, which also could be translated in Russian. This logo “Everyone should have a dream”, associated with moments, when dreams come true. (Pentik 2009)

The same requirements are belong to illustrations. They should be done in the same style, as advertising messages in other countries with some adaptation. Thus, in questionnaire respondents had to choose from seven pictures of Pentik production what they liked. The majority of respondents have chosen the same pictures; they can be used as illustrations for the advertisement.
Even quality of paper should be selected carefully. On the one hand, the high quality creates favorable image of company and products, on the other hand, such printed media have longer life. This means that they could be used by different people.

### 7.2.4 Choosing Media

There are two types of communicational channels - personal and nonpersonal. Personal channel is directly communication between two or more people. For the Pentik Company the most important one is word-of-mouth. According to the research of Nielsen Company, the main trend in today’s world – the shift of information control from business to customers. The vast majority (86%) consider the recommendations of friends and even unknown people as most reliable sources. Moreover, 55% trust to comments in Internet. (Nielsen Company 2009). More detail information in Appendix 5.

The same results were received during the research, which has been done in content of this work, 30% are use advice of friends as main source of information about shops. If company provides every customer with good purchasing experience, he or she will provide company with best advertising. That is why for Pentik shop is necessary to build relationships with Russian customers. If they have a good experience, they will afterwards tell about this their friends, and retailer chain will become more and more popular.

According to research of TAK Ltd, the social channel has become the most important also for Russian visitors in Finland (see Chart 7.1). In 2010, 52 % of visitors have used this source to find information. The 51 % have relied on information from previous trips. The main change has been percentage of people, who use Internet in 2008 only 14 % found information from Internet, in 2010 44 %. Such facts underscore the importance of using Internet as promotional channel.
The social networks service has huge impact nowadays. The majority of well-known name companies have they page on such web sites as Facebook. Such decisions are easy to understand. According to Google Facebook is the most attended web site in the world. Monthly 540 millions of users attend Facebook, browsing 580 billions of pages. Russian analogue of it is “Vkontakte” is located on the 81st place of the most attended web sites in the world. These social network services attend 26 millions users. Other analogue “Odnoklassniki” is located on 110th place with 19 millions users. (Google 2010)

The social network service “Vkontakte” is used mostly by people who live in huge cities, such as Moscow and St. Petersburg. (Laboratorija social'nogo marketinga Sarafannoe radio 2010)

That is why it is more useful for Pentik advertisements. According to research of PricewaterhouseCoopers Company 26% of Russians are ready to use social network services become for them the main sources of information about special offers, discounts and new products. (PricewaterhouseCoopers Company 2008).
And 47% of Russians consider official web-sites of companies as the most reliable source in Internet. That's why it is necessary to launch Pentik web-site also in Russian language. (Nielsen Company 2009)

A company could create page on “Vkontakte” or on "Odnoklassniki" free of charge, they named “groups” and in them could be written whatever information about company and its production. To get in it members is also free of charge. Company should only pay wages for employees. It is also possible to put advertising on such web sites. The main benefits that they focus on target audience. If somebody of users states that he come to Finland, only for him will be shown advertisement.

Russians think negatively about other advertising sources. The research of company GFK-Rus shows that 60% don’t like advertising. The results of research are shown in the Chart 7.2. According to them, Russians have very low level of trust to advertising, but it is a tendency of whole world.

At the same time it should be considered that for Pentik could be useful only media, which are oriented to Russian visitors in Finland. Moreover, promotional channels should be suitable for the character of production. The most appropriative way for Pentik is visual advertisements, because they will underscore the main advantages of products.
According to the research of TAK Ltd, only 13% of Russian visitors use magazines to find information about their trip to Finland. However, according to the research, which has been done in this work, 23% of respondents use these sources. There are only several types of newspapers and magazines, which are oriented on the Russian visitors in Finland, such as “Stop in Finland”, “Venäjän Kauppatie Lehti”, “Tovari v Finljandii”.

The most suitable for the Pentik advertising could be “Stop in Finland”, because it is oriented to the same target audience as Pentik. In additional, Kotler has named following advantages of magazines: high selectivity, credibility and prestige, high-quality reproduction, long life and good pass-along readerships. These benefits are favorable for Pentik, because in magazine is possible to print articles about Pentik, show in the best way its production and focus only on potential Russian customer. (Kotler & Armstrong 2004, p. 503)

Also possible use booklets, there will be brief information about Pentik company, such as some history and social responsibility, and will show small catalogue of Pentik production. People could be able to get these booklets directly from Pentik shops and in some public places, such as Lappeenranta airport and shop centers. The hugest discounter airlines Ryanair and AirBaltik have stated flights from Lappeenranta and attract huge amount of Russians. (Sherbakova 2010).

Outdoor advertising also can be used. E.g. in Family Center, where Pentik shop is located it is possible to put special posters and in the center of Lappeenranta and on the road between Finnish Russian border and Lappeenranta.

7.2.5 Setting the Total Promotional Budget

This has been done according by order by owner Pentik shop in Lappeenranta. This shop works by franchising contract. Because at the different stages of work have been changed for whom this work will be done, for only one shop, or for
several shops, or for all company, it is hard to evaluate the budget. Obviously one shop and a whole company have very different resources.

That is why budget in this work has been created, based on objective-and-task method. In this case company sets budget according to what it wants accomplish with promotion. (Kotler & Armstrong 2004, p. 481)

Obviously it is impossible to create brand awareness using resources only of one shop. That is why in this work have been done two communication strategies – one for whole company, and one for one shop (one shop is able to afford using of only several approaches for promotion). However, in both the most cost-effective variant were considered.

Moreover, now Pentik production is located on introduction stage for the Russian customers, because it is unknown brand for them. At this stage, company usually has huge promotion investments, and they could not be compensated. (Kotler & Armstrong 2004, p. 332)

**7.2.6 Setting the Overall Promotional Mix**

Promotional mix is a combination of different methods and tools, which are aimed to more successfully launch new product, increase sales and create loyalty to the company (brand). (Kotler 1998)

Promotional tools such as advertising, sales promotional, personal selling, public relations, direct marketing, and factors, which have an impact on developing the program (market type, buyer-readiness stage, product life-cycle) should be considered when promotional mix is planned. (Ibid)

To create awareness about Pentik brand the most suitable tools are advertising and different publications. Personal selling and sales promotion cannot be useful because target audience is not aware about the product. Thus, attempt to provide people with gifts coupons wasn’t successful, because it was necessary to explain what it is, and where this shop located. Moreover, despite all
explanation, majority of people were sure that it was just attempt to cheat them. (Kotler 1998)

In this work marketing communication for the Pentik has been creating aimed to attract Russian customers. These integrated marketing communications are based on using advertising and publications and direct marketing.

Publications in magazines

In magazine “STOP in Finland” could be published series of articles about Pentik Company. They should be done as text from journalist or expert, and look like normal article. Also it is necessary to put it in issues, which are dedicated to design, or successful Finnish companies.

The articles could be about Pentik’s history: the first article could be about Pentik history and the story of Anu Pentik, the founder of Pentik Company. Also an article about Pentik unique production should be done. This article could be based on existing books about interior decoration and story of Anu Pentik. Finland Promotional board published article – interview with Anu Pentik, where her life was compared to the Cinderella story. Because the target audience is women, for them such example will be sign of success, and afterwards they could think that products of Pentik are symbol of success, what is very important for Russian people.

In another article some advice should be given how to decorate house in different styles by using Pentik production only. This article also could be based on existing book “Pentik at home”. Such articles could be better than direct advertisements, because they are more interesting, and people do not ignore them so often.

Booklets

The same materials could be used in booklets, which will be done special to attract Russian customer. They could be given in the Pentik shops, public
places and could be sent directly to the customer. Thus, during the interview respondents noticed that they were able to get some information about Pentik company by e-mail.

According to the research of PricewaterhouseCoopers 66% of Russians are ready to get advertising by e-mail. To get it by post could be innovative, because in Russia are not used to send catalogues by normal post. Usually customer could get catalogue only in shop. However, it is quite expensive, about 5-10 euros per one parcel. In additional, people do not want to tell their home address. (PricewaterhouseCoopers 2008)

Also these booklets should be given to customer when he or she is making purchase. Thus company Mont Blank in every box with its product puts a small book, where in many languages are written about benefits of production and main aims of the company, such as provide people with excellent goods. Even such small detail could add value to the customer, because it remind one more time that he or she are successful, and this company is taking care of his or her comfort.

If booklets consist of interesting and useful information, they will have long life and can be used by different readers.

Outdoor advertising

During the interview some respondents told that they paid attention to outdoor advertising and usually came to shop by accident.

To catch customer’s attention there could be special posters inside the shopping center. It should be easy to remove them. They could have a text, such as “Do you want to give a present to your house?” and a pointer, which will show where Pentik shop is located. Surely, they should be done in appropriate color and illustrations frames.
Other possibility of outdoor advertising is billboards, which could be located on the highway between Finnish Russian border and Lappeenranta. In case if the head office of the company is interested in attracting Russian customers, it could be possible to use several billboards, e.g. on the highway Scandinavia, from border to Imatra and on highway from St. Petersburg to Helsinki. These billboards should attract customer. Such logos as “Give a present to your house!” “Present heart to your house”, “For people, who really love they house” could be used. However, all advertising, which are focused on Russians is necessary to do in Russian language.

Word-of-Mouth

As it was mentioned before, the best advertising is other customer's advice. However, controlling and managing people's talks are hard and sometimes unpredictable. A firm could just provide excellent purchase experience, and than customers could tell about it for others. For the customer the atmosphere of shopping is more important than just shopping. (GFK-Rus 2008)

Each year the amount of people who like to make a walk in shop centers are increased. That's why consumers are looking for not only better prices and special offers, but for the special atmosphere. The same idea has confirmed the manager in Kekäle shop. She thought that the main criterion for attracting customers was “warm atmosphere”.

This atmosphere could be done by providing service in Russian language, even just translation to the Russian the main announcement in shop will be appreciated by people.

Nevertheless, as it was mentioned before, more people use Internet as main source of information, and trust to comments of unknown people. This could be a possibility to promote Pentik. A special person could write comments on some social media and live journals. The main criteria are that these messages shouldn't look like advertisement at all. They shouldn’t emphasize only Pentik
shops, but just noted it in proper way. However, this promotional tool needs to
use special employer, who will be able to do it.

Internet

Internet provides each company with huge possibilities. According to the
research of TAK Ltd, 44% of Russian visitors use this source to find information
about Finland. The main channels to advertise in Internet are direct mail, social
network services, companies’ official web sites and informational portals about
Finland.

Direct mail and different live journals were mentioned before that’s why it will be
discussed using of social network services and informational portals.

There is a possibility to create special web page “group” in social network
service. It’s free of charge, and people could be selected to be a member of this
“group”. It is possible to write texts about company’s history, upload news (such
as special offers, new collections), pictures, videos. It looks like a small version
of the official web site. It could be done in social network service “vkontakte”
and “odnoklassniki”. It is necessary to use only Russian variants of such social
networks, because the majority of Russians do not use Facebook, Twitter, or
other foreign ones.

In addition, there is possibility of advertising in this media. The main benefit of it
that only target audience will be reached, because demographic, geographic
and even selectivity by interests and visiting countries is possible. The price for
1000 clicks in “odnoklassniki” is 1.2 euro. The other social network is Vkontakte.
However, prices are quite high for advertising there. Still there is a possibility to
create a special page there, which is free of charge. (Vkontakte 2010)

The special offers for the Holidays

It is also possible to make special offers for the Holidays. In this case customer
will be able to buy ready present. As it was mentioned during the interview,
some persons, when they come to Finland, need to buy some presents for their relatives and friends. Moreover, respondents told that they were willing to buy presents for their friends and family for special holidays.

The main holidays in Russia are New Year, International Women’s Day and The day of Country Defender. For these holidays could be done ready presents of Pentik production. Booklets, advertising in shop center and direct mail could be used for informing people.

Some of the respondents were able to do it in big scale, thus, one of the marketers of Russian company told that she wanted to buy about 100 cups as corporative gifts for International Women’s Day. The sum of purchase could be 2500 euros. She asked Pentik shop, if they gift-wrap them, but the staff of the shop refused her order. This case shows that not all Pentik shops are interested in Russians customers, even in cases if they wanted to make a huge order.

Approximate budget is shown in Table 1. It is obvious that one shop can’t afford such costs for the advertising. Moreover, costs for making advertising haven’t been calculated, because all Pentik advertising is done by the head office. One shop can afford just booklets, advertising in shop center (the special posters, which have been mentioned before) and service in Russian language. Surely, such tools can’t create awareness, but they could attract customers to the shop.

Table 4

<table>
<thead>
<tr>
<th>Promotional channels</th>
<th>Price, Euro</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magazines</td>
<td>4.500*2=9000</td>
<td>The series of articles in magazine “STOP in Finland”</td>
</tr>
<tr>
<td>Internet</td>
<td>100000(clicks)*0.012=1200</td>
<td>Banners in social network service “odnoklassniki” The creating special pages of company in these web sites is free of charge (odnoklassnili.ru and vkontakte.ru) The writings comments in weblogs and live journals is free of charge</td>
</tr>
<tr>
<td>Booklets</td>
<td>free of charge</td>
<td>Booklets will be given with each purchase in shop and in public centers</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Direct marketing</td>
<td>free of charge</td>
<td>If sent by e-mail booklets and catalogues it's free of charge</td>
</tr>
<tr>
<td>Outdoor advertising</td>
<td>1500 *3=4500</td>
<td>Locate billboards on the highway between the border and Lappeenranta</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14700</strong></td>
<td></td>
</tr>
</tbody>
</table>

These promotional tools are the first steps in building relationships between Russian customer and Pentik Company. They were done according to research of Russian Customers and available information about Pentik Company. Because this information wasn't provided by first hand from company head office, there could be some inaccuracies.

Creating brand awareness, and as the last step, brand loyalty is a long-lasting process, but a company should consider it as an investment in the future.

It is necessary to evaluate results of promotion before performing it. However, it could be possible in case company had some attempt to promote before. In this case was published advertising in magazine "Goods in Finland" (original name "Товары в Финляндии"), but respondents weren't able to remind it. That's why it could be useful at the beginning stage to provide research, which will be aimed to analyze attitude of target group to advertisement. Focus group could be useful in this situation.

On the last stage it is necessary to manage integrated marketing communications. However, this stage absolutely depends on management of the company.
8 SUMMARY

The main aim of this thesis was to develop marketing communications for Pentik to attract Russian customers. In order to do it Russian customer in Finland and Pentik Company was analyzed.

For analyzing a Russian customer secondary and primary information was used. Secondary information was aimed to find main features of Russian customer in Finland, such as frequency of visiting, purposes of visiting, sources of information which are used, the most visited cities, etc. this information was taken from statistics analyzes and marketing researches of different companies, such as Border Interview Survey and researches of TAK Ltd. Moreover, it was decided that it was also necessary to find information about Russian's attitude to advertising and brands. It was one of milestones in developing marketing communications.

By analyzing secondary data was found that Russian visitors make a big impact on Finnish economy (595 millions euros were spent by them in 2008), especially in southeast regions. About one third of all visitors in Finland are Russians. The majority of them are citizens of Saint Petersburg and its suburbs and they prefer to visit Helsinki and nearest to Russian border cities – Lappeenranta and Imatra. More than half of visitors are staying in Finland only one day without overnight stay.

The main purpose of visiting is shopping. Main reasons of making shopping in Finland were found and they were based on observation of different Russian people who have or haven't been in Finland, and by using secondary data from different sources. They were quality, purchasing atmosphere, price and existing stereotypes about purchasing overboard. For huge amount of Russians, visiting Finland is a usual activity, the same as they visit supermarket in their city.

However, when this thesis was started any information about Russian customer's perception of Pentik didn't exist. That's why it was decided to provide a marketing research, aim of it was to understand on which stage of
knowledge of Pentik brand Russian customers were located, which promotional channels could be useful, and who were potential customers for Pentik. This research was done in form of survey with using questionnaire.

Beforehand the research was planned to make within one month, but refusal rate was too high, even when were using encouragements. It was decided to ask less number of people, but only those who could be potential customer for Pentik. By this research it was found that the majority of Russians have never heard about Pentik. However, it was noticed that people, who have done purchases had a good image of the company. According to these facts, aim to create awareness of Pentik brand for Russian customers was set up.

However, it was also necessary to understand the attitude to Russians from business side (characteristics of Russian consumer behavior, promotional tools to attract them). Initially the idea was to asked management and shop assistants of shops, which operate in the same field of business as Pentik. However, afterwards these retail chains refused such attempts. The next step was to find shop in Lappeenranta, which has the same target audience as Pentik, but specialized in other production. That's why Kekäle was chosen. In the issue two depth interviews with owner and shop assistants were provided in Pentik and Kekäle shops.

The results of interviews were very different. Concerning Kekäle shop, Russian customers during last ten years have learned the Finnish market (ask about discounts, periods of sales and tax-free purchases) and not differ from Finnish one. However, Pentik's staff has totally another attitude to Russian customers, they, according to interview with Pentik shop, are closed customers, which don't want to have any contact with shop assistants and absolutely indifferent to prices. Such differences were tried to explain in Chapter 5. In spite of conflicting data promotional activities were found, which could be used by Pentik to attract Russian customers.

In addition, the Pentik company was analyzed. It has the most valuable asset – strong brand in Finland, and in countries where it operates. At the same time
production of the company meets the case, such as high quality and unique design. Now the company is at the first stage of internationalization and looks for new possible markets for entering. That's why building brand awareness of Pentik for Russian consumer could a first stage to further entering to Russian market.

The necessity of creating brand awareness of Pentik was explained, by using secondary data from marketing research of huge analytic companies such as GFK-Rus, The Nielsen Company, and PricewaterhouseCoopers. According to them for Russian consumers brand is one of the main criteria in making a decision about purchase. Moreover, Russian people, even if they don't have possibility to buy well-known, expensive products, they will try to do it, because for them expensive goods are symbols of high status and success.

The possible and most reliable promotional channels were found. As a whole, Russians prefer to trust social channels and don't like classic advertising modes. That's why it is necessary to make purchase experience of every customer as favorable as it possible. In this case these customers could advertise products to others and repurchase.

The developing of integrated marketing communications was done according to the book Principles of Marketing, Kotler & Armstrong, 2004. Some aspects were additionally advised by specialist in marketing and advertising.

The characteristics of potential customer were found by using different sources, according to it possible promotional channels were chosen. To get maximum effect from promotion integrated marketing communications was decided to use. In this way, all promotional channels are aimed to create same image of company and its products and make him buy Pentik's products.

The main idea was that Russian customer should associated Pentik with high quality, unique, desirable production with history, and they should be convinced that only this production is able to create atmosphere of delight and comfort in
their houses. The purchase of Pentik production should emphasize that customer has perfect taste and success in live.

In this way, marketing communications have been done according to characteristics of Russian customer and Pentik's production.

One of the necessary issues that it is impossible for one shop to create awareness of whole company or brand. Moreover, creating brand awareness is only the first step in developing relationship between the company and customer. It is a long process, which should be managed carefully and add value to the customer. However, companies should consider it as investments in the future.

Moreover, if it is possible to create loyalty to Pentik brand of Russian customers in Finland it will be much easier to enter Russian market. And in Finland it could be done without huge expenses. For company, which is looking for new markets it is a good attempt to test new target audience on territory of domestic market.
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(Accessed 28.07.2010)


# PENTIK’S PRODUCT MIX (May, 2010)

Pentik assortment (Product mix)

<table>
<thead>
<tr>
<th>Length</th>
<th>Tableware</th>
<th>Glassware</th>
<th>Table settings and cooking</th>
<th>Decoration</th>
<th>Textile</th>
<th>Furniture</th>
<th>Delicacies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Services</td>
<td>Glasses</td>
<td>Cutlery</td>
<td>Photo frames and albums</td>
<td>Napkins</td>
<td>Tables</td>
<td>Jellies and syrups</td>
</tr>
<tr>
<td></td>
<td>Childrens ceramic</td>
<td>Bowls and dishes</td>
<td>Kitchenware</td>
<td>Books</td>
<td>Potholders</td>
<td>Chairs</td>
<td>Tee</td>
</tr>
<tr>
<td>Seasonal ceramic</td>
<td>Plates</td>
<td>Ornaments</td>
<td>Jars and cans</td>
<td>Baskets</td>
<td>Tablecloth</td>
<td>Benches</td>
<td>Coffee</td>
</tr>
<tr>
<td>Pentik Studio</td>
<td>Vases</td>
<td>Tablecloth</td>
<td>Paper napkins</td>
<td>garland</td>
<td>Bathmats</td>
<td>Sofas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pentik Studio</td>
<td></td>
<td></td>
<td>Bathroom and sauna products</td>
<td>Towels</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Candle holders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Candles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lamp stands and lamps</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Lampshades</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Lanterns</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other decoration</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Soft toys</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bedclothes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Цель опроса: характеристика российского потребителя для компании Pentik

1a. Как часто Вы посещаете Финляндию?
☐ 1 раз в год или реже  ☐ 2-4 раза в год  ☐ 5-8 раз в год
☐ практически каждый месяц  ☐ практически каждую неделю  ☐ живу здесь

1b. Какие города Вы чаще всего посещаете?
☐ Лаппеенранта  ☐ Котка  ☐ Хельсинки
☐ Другие, пожалуйста, уточните __________________________

2. Цели Ваших поездок в Финляндию?
☐ туризм  ☐ работа  ☐ посещение друзей/родных
☐ другое, пожалуйста, уточните __________________________

3. Из каких источников Вы узнаете о магазинах в Финляндии?
☐ газеты/журналы  ☐ буклеты  ☐ Интернет  ☐ радио
☐ от друзей/знакомых  ☐ другое, пожалуйста, уточните __________________________

4. Готовы ли вы платить больше за авторскую работу?
☐ да  ☐ нет


<table>
<thead>
<tr>
<th>Критерий</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>цена</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>качество</td>
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<tr>
<td>сервис</td>
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<tr>
<td>уникальность продукта</td>
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<tr>
<td>известность марки</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>другое, пожалуйста, уточните</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6a. Сыпали ли Вы о марке Pentik?
☐ да (ОТВЕТЬТЕ НА 6b - 6f)  ☐ нет (ПЕРЕЙДИТЕ К ВОПРОСУ 7)

6b. Совершали Вы покупки в Pentik?
☐ да, 1 раз  ☐ да, 2-5 раз  ☐ да, более 5 раз  ☐ нет, никогда

6c. Какую продукцию Вы приобрели в Pentik?
☐ столовая посуда  ☐ Pentik studio  ☐ кухонные принадлежности
☐ изделия из стекла  ☐ предметы интерьера  ☐ мебель  ☐ текстиль

6d. Из каких источников вы узнали о Pentik?
☐ газеты/журналы  ☐ буклеты  ☐ Интернет  ☐ радио
☐ от друзей/знакомых  ☐ другое, пожалуйста, уточните __________________________

7. Какую продукцию Вы бы могли приобрести в Pentik (при демонстрации товаров в каталоге)
☐ столовая посуда  ☐ Pentik studio  ☐ кухонные принадлежности
☐ изделия из стекла  ☐ предметы интерьера  ☐ мебель  ☐ текстиль
The purpose of survey: to find degree of brand awareness of Pentik for Russian customers.

Sex: ☐ male  ☐ female

1a. How often do you come to Finland?
☐ 1 time per year or rarely  ☐ 2-4 times per year  ☐ 5-8 times per year
☐ almost every month  ☐ almost every week

1b. Which cities do you visit most often?
☐ Lappeenranta  ☐ Koska  ☐ Helsinki
☐ Other, which?

2. The purposes of your trips to Finland are:
☐ tourism  ☐ work  ☐ shopping  ☐ visiting friends/relatives
☐ other, please specify?

3. Are you ready to pay more for handmade products/respected brands?
☐ yes  ☐ no

4. Which sources do you use to find out information about shops in Finland?
☐ papers/magazines  ☐ booklets  ☐ Internet  ☐ radio
☐ from friends  ☐ other, please specify?

5. Which of the following criteria are the most important for you when making decisions to purchase. Put the numbers from 1 to 5, [5] - THE MOST IMPORTANT, [1] - THE LEAST IMPORTANT

price  ☐ quality  ☐ service  ☐ uniqueness of the product  ☐ awareness of brand
☐ other, please specify?

6a. Have you heard about Pentik?
☐ yes (follow with 6b - d)  ☐ no (skip to 7)

6b. Have you ever made a purchase in Pentik?
☐ yes, 1 time  ☐ yes, 2-5 times  ☐ yes, >5  ☐ no, never

6c. Which products have you bought in Pentik?
☐ tableware  ☐ tables setting and food  ☐ glassware
☐ interior decoration  ☐ furniture  ☐ textile

6d. From which sources have you found information on Pentik?
☐ papers/magazines  ☐ booklets  ☐ Internet  ☐ radio
☐ from friends  ☐ other, please specify?

7. Which production could you buy in Pentik (through demonstration of catalog)?
☐ tableware  ☐ tables settings  ☐ glassware
☐ interior decoration  ☐ furniture  ☐ textile
В торговую сеть входят магазины шести городов Финляндии: Йоэнсуу, Йоэнсуу, Кеми, Лахти, Лаппеенранта и Тампере. В магазинах есть отделы женской, мужской, молодежной, а в некоторых и детской одежды. Ассортимент представлен самыми лучшими моделями известных финских и зарубежных брендов.

В магазинах Kekäle можно найти образцы одежды, которые вряд ли можно встретить где-нибудь еще, то становится понятно, почему они пользуются такой широкой популярностью.

**Модные вещи на высокий вкус**
- Большой выбор одежды известных брендов
- Все размеры
- Высокий уровень обслуживания
- Опытные продавцы-консультанты
- Окончательная подгонка изделий

**Адреса и часы работы магазинов Kekäle:**
- Йоэнсуу
  Kauppakatu 20
  Пн-пт 9:30-19:00, сб 9:30-16:00, вс 12:00-16:00
- Тампере
  Kauppakatu 2
  Пн-пт 9:00-19:00, сб 9:00-16:00, вс 12:00-16:00
- Лахти
  Aleksanterinkatu 18, TL Trio
  Пн-пт 10:00-20:00, сб 9:00-18:00, вс 12:00-18:00
- Лаппеенранта
  Valtakatu 29
  Пн-пт 9:00-19:00, сб 9:00-16:00, вс 12:00-16:00
- Ювяскюля
  Asemakatu 10, TL, Tavast, 2 эт.
  Пн-пт 9:30-19:00, сб 9:30-16:00, вс 12:00-16:00
- Китээ
  Kiteentie 21
  Пн-пт 9:00-18:00, сб 9:00-14:00, вс 12:00-16:00

**Подготовила Юлия Ларсон, соб. корр. Финляндия**

---

**Качественная мода и отличное обслуживание**

У нас представлены:
- Gerry Weber
- Taifun
- Bandolera
- Marc Aurel
- Passport
- Very Nice
- Bikkembergs
- Sand
- Vila
- Guess
- Marc O' Polo
- Guess
- Basler
- Gant
- Joseph Ribbey
- Sergio Tacchini
- Bugatti
- Tommy Hilfiger
- Peak Performance

Посетите наш сайт на русском языке www.kekale.fi

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Joensuu, Jyväskylä, Kitee, Lahti, Lappeenranta, Tampere.
PENTIK’S ADVERTISEMENTS IN MAGAZINES

Figure 4.1. Advertisement in magazine Avatakka

Figure 4.1. Advertising in "Tovari v Finlyandii"
RUSSIAN CUSTOMER'S ATTITUDE TO ADVERTISING AND BRAND (GFK-RUS, 2010)

I don't like advertising

I prefer to buy well-known brands

I'm ready to overpay for production of well-known company/brand

I always buy only products, which are advertised